

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

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| In Re: W.R. GRACE & CO., et al., Debtors. | § § § § § § | Chapter 11 Jointly Administered Case No. 01-01139 (JKF) |
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**FEE AUDITOR'S FINAL REPORT REGARDING
FEE APPLICATION OF HOLME ROBERTS & OWEN, LLP
FOR THE TWELFTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Fee Application of Holme Roberts & Owen, LLP for the Twelfth Interim Period.

BACKGROUND

1. Holme Roberts & Owen, LLP ("HRO") was retained as special environmental counsel to the Debtors. In the Application, HRO seeks approval of fees totaling \$118,601.50 and costs totaling \$8,363.62 for its services from January 1, 2004, through March 31, 2004.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States

Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served on HRO an initial report based on our review, and received a response from HRO, portions of which response are quoted herein.

DISCUSSION

3. In our initial report, we noted five meal charges totaling \$162.05 that may be excessive. The entries are provided below.

1/6/04 - ...dinner \$69.20 (one person)
1/7/04 - ...breakfast \$24.68 (one person)
1/8/04 - ...breakfast \$19.40 (one person)
3/23/04 - ...\$23.80 breakfast for one person
3/24/04 - ...\$24.97 breakfast for one person


We suggest reasonable ceilings of \$15 per person for breakfast, \$25 per person for lunch and \$50 per person for dinner. The aggregate overage from the recommended ceilings for the listed meal expenses is \$52.05. We asked HRO to explain why these expenses should not be viewed as excessive. HRO responded that it does not choose to contest the reduction. Thus, we recommend a reduction of \$52.05 in expenses.

CONCLUSION

4. Thus, we recommend approval of fees totaling \$118,601.50 and costs totaling \$8,311.57 (\$8,363.62 minus \$52.05) for HRO's services from January 1, 2004, through March 31, 2004.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

By: 
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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 30th day of July, 2004.


Warren H. Smith

SERVICE LIST

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